

MEMORANDUM FOR: DDCI

Executive Registry

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Subject of Senate Oversight Committee seeing audit and inspection reports did come up with Inderforth. I orally described your position as described during your hearings. He thought that was reasonable.

[REDACTED]
John Waller
Inspector General

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John: OK, but I left us with a tough assignment: what are some reasonable ways to meet the Committee's felt need?

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NOMINATION OF E. HENRY KNOCHE

HEARING
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
NINETY-FOURTH CONGRESS
SECOND SESSION
ON
NOMINATION OF E. HENRY KNOCHE, TO BE DEPUTY
DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, JUNE 23, 1976

Printed for the use of the Select Committee on Intelligence



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that the appropriate congressional committees be briefed on all covert actions, not just major projects. Can you assure the committee that it will be notified of all covert actions?

Mr. KNOCHE. Yes, Mr. Chairman, I think that working with the committee and the staff, we can develop ways for doing that in an orderly and regular way. There are a number of small details that pertain to some forms of covert action, but I think that we can work out an arrangement with the committee whereby they would be categorized and made the subject of periodic briefings, and I would be glad to work with the committee and the committee's staff in trying to do so.

The CHAIRMAN. I have several questions here that I believe should be submitted to you in writing because of their sensitive nature. May I request that these questions be studied and responses be made for classified files, sir?

Mr. KNOCHE. Indeed, sir.

The CHAIRMAN. Under Executive Order 11905, the General Counsel and the Inspector General are required to report to the Intelligence Oversight Board on activities that raise questions of legality and propriety. They must report allegations involving such activities and the results of their investigations. They are also required to report any instance where they are instructed not to make such reports.

Will you instruct the General Counsel and the Inspector General to provide to this committee similar reports to aid this committee in its oversight function?

Mr. KNOCHE. Yes, sir, I will.

The CHAIRMAN. At present the General Counsel is required to refer to the Department of Justice allegations that activities by CIA employees violate Federal law. In order to assist the committee in its oversight role will you instruct the General Counsel to notify the committee when and if such a referral takes place?

Mr. KNOCHE. Yes, sir, I will.

The CHAIRMAN. Since 1973 the Director of Central Intelligence has regularly issued a call to CIA employees to report to him any activities which raise questions of legality or propriety. Early this year Mr. Bush issued such a call. Will you regularly remind CIA employees of this duty?

Mr. KNOCHE. I think this is a desirable practice and I intend to see to it that it is continued, sir.

The CHAIRMAN. If an Agency employee were fearful, for whatever reason, of reporting a questionable activity to either the CIA Inspector General or the Intelligence Oversight Board, should he or she be able to come directly to this committee without fear of reprimand?

Mr. KNOCHE. Indeed, sir.

The CHAIRMAN. One of the most effective tools of the Inspector General is the component survey, an indepth study of a particular segment of the CIA such as the Office of Current Intelligence. Will you have the Inspector General notify this committee of the schedule of component surveys and make the results of the surveys available to the committee?

Mr. KNOCHE. I will be glad to work out arrangements to try to keep this committee informed of the surveys, sir, but I would like to take a slight reservation in committing myself to making the fullness

of such investigations, in that I wish to withhold the findings simply because I don't want them to be made public within the agency. They are findings and recommendations of the place, take the place, that is out of order.

But if they are written down, they could be inhibited, and I would like to work out ways in general, and hopefully with the Inspector General, to commit to providing this General's findings.

I don't wish to pick a fight, but there is wisdom in keeping the cleansing process of the agency, establishing ground rules on those findings.

The CHAIRMAN. Fine, sir. It has been suggested that intelligence might misuse their positions of trust from occurring?

Mr. KNOCHE. Those are the responsibilities in which the Inspector General has in the case of those CIA employees, relationships for procurement, rendering of their holdings, that a determination can be made by the Agency and by the law, that there is a conflict of interest involved in that we would intend to do.

The CHAIRMAN. Well, the time is expired.

I would like to recognize Senator BAYH. Thank you.

Mr. Knoche, I, too, appreciate the briefing which we had. Your past record of public nomination.

I would like to confirm an area that really was raised in the Hughes-Ryan Act.

Mr. KNOCHE. Yes, sir.

Senator BAYH. This is something that Congress be briefed on by the committees. Your response in a manner that would interpret it, the volume of information.

The information thus far indicates that there is a significant impact on our national security.

Mr. KNOCHE. Yes, sir.

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of such investigations, available to this committee, not because I
wish to withhold the findings and conclusions of such a report, but
simply because I don't want to inhibit the process by which they are
made within the agency. We regard those as management tools.
They are findings and views with the bark off so that we can, as man-
agers of the place, take actions as appropriate to deal with anything
that is out of order.

But if they are written with an eye toward the outside, the process
could be inhibited, and I would like to work with the committee to
develop means and ways of assuring that this committee is informed
in general, and hopefully in as specific ways as possible of the findings
of Inspector General surveys within the Agency, but I hesitate to
commit to providing this committee with a full set of the Inspector
General's findings.

I don't wish to pick a fight on this issue at all, but I do believe that
there is wisdom in keeping within the management of the Agency a
cleansing process of that type, and working with the committee in
establishing ground rules on how we can keep the committee informed
on those findings.

The CHAIRMAN. Fine, sir.

It has been suggested that CIA employees having access to secret
intelligence might misuse that information to personally profit from
their positions of trust. What steps have been taken to prevent this
from occurring?

Mr. KNOCHE. Those CIA employees who have a managerial re-
sponsibility in which there is a potential for a conflict of interest, as
in the case of those CIA employees who must authorize contractual
relationships for procurement of supplies, must make a confidential
rendering of their holdings to higher authority within the Agency so
that a determination can be made by the supervision within the
Agency and by the lawyers within the Agency as to whether there was
a conflict of interest involved. We regard that as a safe practice, one
that we would intend to head off any malfeasance or any problem.

The CHAIRMAN. Well, thank you very much. I know my allotted
time is expired.

I would like to recognize Senator Bayh.

Senator BAYH. Thank you, Mr. Chairman.

Mr. Knoche, I, too, was very impressed with your participation in
the briefing which we had in executive session and was impressed by
your past record of public service, and I am prepared to support your
nomination.

I would like to confine my remarks, Mr. Chairman, to one specific
area that really was raised in your initial questioning relative to the
Hughes-Ryan Act.

Mr. KNOCHE. Yes, sir.

Senator BAYH. This act requires that appropriate committees of
Congress be briefed on all covert action. Of course, this is one of those
committees. Your response indicated a willingness to deal with this
in a manner that would make it possible for us to manage, if I inter-
pret it, the volume of such information.

The information that has been made available to this committee so
far indicates that there are varying degrees of covert activity as far
as their impact on our country, its policy, and the world *in toto*.

Mr. KNOCHE. Yes, sir.